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**APPEALS COURT AFFIRMS MCCORKLES' CONVICTIONS FOR  
INFOMERCIAL FRAUD AND MONEY LAUNDERING**

The United States Court of Appeals for the Eleventh Circuit has upheld the November 4, 1998 convictions of William and Chantal McCorkle for conducting a fraudulent infomercial scheme and laundering tens of millions of dollars in proceeds of the illegal scheme. The Court also upheld the fraud conspiracy convictions of co-defendants Herman Venske and Brian Higgins.

The McCorkles, through their business, Cash Flow Systems, had used infomercials and telemarketing to sell William McCorkle's "system" for getting rich by purchasing distressed real estate and items at government auctions. In its opinion, the Court described the McCorkles' scheme in part as follows:

The Government presented evidence at trial showing that, in the infomercials promoting William's products, William and Chantal made numerous misrepresentations and false statements. For example, William

stated that he had made millions of dollars by purchasing distressed real estate when he had only recently filed a Chapter 11 bankruptcy petition. William and Chantal also appear in the infomercials and on the infomercial packaging with items they supposedly purchased at government auctions in the background, such as a luxury car and a yacht and a jet bearing the name “William J. McCorkle.” The luxury car was not purchased at a government auction, and the yacht and the jet were leased by Chantal for the day of filming the infomercial.

In addition, William stated in the infomercials that he would partner with purchasers of distressed properties and fund their purchases at government auctions. Although thousands of William’s products were sold, William entered into only a handful of these partnered transactions. William also stressed that his product came with a thirty-day money-back guaranty, but most unsatisfied customers were unable to get their money back because William instructed his employees to issue only a limited number of refunds. William and Chantal also interviewed persons in the infomercials whom they described as satisfied customers when, in fact, these were paid actors using prepared scripts that falsely accounted their success using William’s products.

The Court of Appeals held that the trial evidence had been sufficient to support the jury’s guilty verdicts on fraud, money laundering, conspiracy, and other charges and that the trial court had not conducted the trial improperly. The Court also held that the trial

court had not erred in denying the McCorkles a new trial, based in part on the trial court's findings that William and Chantal McCorkle had engaged in a scheme to contact jurors, contrary to the court's rules, and had then lied to the court about their involvement in the scheme.

The Court of Appeals did, however, reverse the McCorkles' 292-month sentences which were imposed on January 25, 1999. The Court remanded the case to the trial court to determine whether, in conspiring to launder money, the McCorkles intended to promote their unlawful activity or to conceal their unlawful activity. If the trial court finds that the objective of the conspiracy was to promote unlawful activity, the McCorkles still face a minimum sentence of 292 months' imprisonment, the sentence originally imposed. If, however, the court finds that the McCorkles' objective was to conceal their unlawful activity, the McCorkles face a sentence of 210-262 months.

Assistant United States Attorney David Rhodes handled the appeal for the United States.